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October 5, 2006

Dr. Robert Sawyer,
Chair California Air Resources Board
1001 I Street, P.O. Box 2815
Sacramento, CA 95812

RE: Additional Material in Support of Zero Emission Bus Regulations

Dear Dr. Sawyer:

Further to our letter of March 1, 2006, we are writing to provide an update on recent developments for our fuel cell bus applications.

Specifically, to support future transit programs Ballard announced it is developing a **purpose built fuel cell module** (both a 90 and 180 kW model) that will be based on our next generation stack technology. The new module, developed to operate in a hybrid configuration, costs approximately **30%** less than previous modules and has significantly improved durability. Together with additional hybrid drive improvements this results in a projected cost reduction of approximately **30%** for the entire bus. As well, at the Sustainable Transport Energy Conference in Perth last month, we announced the modules would be warranted for **5 yrs or 12,000 hrs** of operation, a major milestone in the development of a durable fuel cell bus.

With these latest product developments, we feel more strongly than ever, that the current ZEB regulations are appropriate and should be maintained. Thank you for providing Ballard the opportunity to comment on the ZEB regulation review.

Sincerely,

Noordin Nanji,
V.P., Chief Customer Officer

c.c. John Sheridan, President & CEO
Chris Guzy, Chief Technology Officer
Stephen Kukucha, Director, External Affairs and Government Business Dvlpt.